

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re Patent Application of:

Bijan **TADAYON**

Serial No. 10/777,044

Filed: February 13, 2004

For: Method and Apparatus for Dynamically  
Assigning Usage Rights to Digital Works

Group Art Unit: 3621

Confirmation No.: 3920

Examiner: Jamie R. Kucab

Date: March 10, 2009

**AMENDED APPEAL BRIEF  
AND RESPONSE TO NOTICE OF NON-COMPLIANT APPEAL BRIEF**

Mail Stop Appeal Brief – Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

In accordance with the provisions of 37 C.F.R. § 41.37, Appellants submit the following response to the Notice of Non-Compliant Appeal Brief mailed February 25, 2009. The original Appeal Brief filed on January 15, 2009, included an inadvertent typographical error in Section VI, part A, describing the claim listing in the first ground of rejection to be reviewed on appeal. Appellants corrected this typographical error in the following Amended Appeal Brief.

In accordance with the provisions of 35 U.S.C. § 134 and 37 C.F.R. § 41.37, Appellants submit the following Amended Appeal Brief in support of the appeal proceedings instituted by the Notice of Appeal filed on October 28, 2008, and in response to the Final Office Action mailed August 13, 2008, the Notice of Panel Decision from Pre-Appeal Brief Review mailed December 16, 2008, and the Notice of Non-Compliant Appeal Brief mailed February 25, 2009, in connection with the above-captioned patent application.

**I. REAL PARTY IN INTEREST**

ContentGuard, Inc. is the assignee and real party in interest.

**II. RELATED APPEALS AND INTERFERENCES**

There are presently no appeals or interferences known to the Appellants, the Appellants' representative, or the Assignee, which will directly affect or be directly affected by, or have a bearing on the Board's decision in the pending appeal.

**III. STATUS OF CLAIMS**

For the purposes of this Appeal, claims 1, 3-20, 22-37 and 39-54 are pending. Claims 2, 21, and 38 were previously canceled. This Appeal is taken from the rejection of claims 1, 3-20, 22-37 and 39-54 in the Final Office Action mailed on August 13, 2008, and as set forth in the Claims Appendix submitted with this Appeal Brief.

**IV. STATUS OF AMENDMENTS**

No amendments to the claims have been entered subsequent to the Final Office Action mailed August 13, 2008.

**V. SUMMARY OF CLAIMED SUBJECT MATTER**

This Appeal is taken from the rejection of claims 1, 3-20, 22-37 and 39-54. Claims 1, 18, and 37 are independent claims. The present invention is generally directed to systems, methods, and computer program products for dynamically assigning usage rights to digital works.

Independent claim 1 relates to a method of dynamically assigning usage rights to digital content for use in a system having at least one repository. The method of dynamically assigning usage rights 218 includes specifying a usage right 218, determining a status of a dynamic condition 216, and dynamically assigning the usage right 218 to the digital content based on the status of the dynamic condition 216. See, for example, Figs. 2 and 3, and the discussions that follow in at least paragraphs [0010, 0021, 0023-0026, 0029, and 0030] of the present application. The usage right 218 includes computer readable data stored on a recording medium, and the data of the usage right 218 specifies an authorized use of digital content 203 that is enforceable by a repository. [See, for example, Figs. 1-3, and the discussions that follow in at least paragraphs [0010, 0016, 0021, 0024, 0029, and 0030].

Independent claim 18 relates to a system for dynamically assigning usage rights to digital content, including at least one repository. The system includes means 200 for specifying a usage right 218, and the usage right 218 specifies an authorized use of digital content 203 that is enforceable by a repository. See, for example, Figs. 1-3, and the discussions that follow in at least paragraphs [0010, 0016, 0019-0026, 0029, and 0030]. The system for dynamically assigning usage rights 218 to digital content 203 also includes means for determining 212 a status of a dynamic condition 216 and means for dynamically assigning 214 the usage right 218 to the digital content 203 based on the status of the dynamic condition 216. See, for example, Figs. 1-3, and the discussions that follow in at least paragraphs [0010, 0016, 0019-0026, 0029, and 0030].

Independent claim 37 relates to a device for enforcing usage rights assigned to digital content. The device includes means for receiving 230 the digital content 203 and means for requesting use 230 of the digital content 203. The device also includes means for enforcing use 200 of the digital content 203 in accordance with a usage right 218 specifying an

authorized use of the digital content 218, where the usage right 218 is dynamically assigned to the digital content 203 based on a determined status of a dynamic condition 216. See, for example, Figs. 1-3, and the discussions that follow in at least paragraphs [0010, 0016, 0019-0026, 0029, and 0030].

The present invention permits existing usage rights to be assigned to content based upon a dynamic condition. However, the usage right need not be assigned to the content until the dynamic condition is satisfied. As an example, a usage right can specify that John may print a copy of the current issue of a daily newspaper. However, one might only want that right to be assigned to the content if John makes a purchase at a specific store. In this example, the invention permits the usage right to be dynamically assigned to a digital copy of the current day's newspaper upon detection of John making the purchase (through the store's point of sale computer system, for example). Prior to the purchase, the usage right was not assigned to the content. The dynamic assignment allows the rights to be assigned to the most recent newspaper at the time of purchase thereby permitting John to print that day's paper instead of a previous issue of the paper.

## **VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL**

- A. The first ground of rejection to be reviewed on appeal is the rejection of claim 1 and claims 3-17 under 35 U.S.C. § 101, as being directed to non-statutory subject matter.
- B. The second ground of rejection to be reviewed on appeal is the rejection of claims 1, 6, 8-16, 18-20, 25, 27-35, 37, 39, 43, and 45-53 under 35 U.S.C. § 102(b) as being clearly anticipated by Stefik et al., U.S. Patent Number 5,638,443.

- C. The third ground of rejection to be reviewed on appeal is the rejection of claims 3, 7, 22, 26, 40, and 44 under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al. U.S. Patent Number 5,638,443 in view of Shah-Nazaroff et al., U.S. Patent Number 6,157,377.
- D. The fourth ground of rejection to be reviewed on appeal is the rejection of claims 4, 5, 23, 24, and 41 under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al. U.S. Patent Number 5,638,443 in view of Shah-Nazaroff et al., U.S. Patent Number 6,157,377 and in further view of Cox et al., U.S. Patent Number 5,930,369.
- E. The fifth ground of rejection to be reviewed on appeal is the rejection of claims 17, 36, and 54 under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al., U.S. Patent Number 5,638,443.

## **VII. ARGUMENTS**

### **A. The Rejection of Claim 1 and Claims 3-17 Under 35 U.S.C. § 101 as Directed to Non-Statutory Subject Matter should be REVERSED.**

Claim 1 and claims 3-17 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Appellants appeal this rejection and request reversal because the recited claims are directed to statutory subject matter in view of Supreme Court precedent and recent decisions of the United States Court of Appeals for the Federal Circuit.

The Patent Statute reads:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 101. The statute thus recites four categories of patent-eligible subject matter, namely processes, machines, manufactures, and compositions of matter. Appellants invented a method, system, and computer program product for dynamically assigning usage rights to digital content that is tied to a computer system and that changes the state of computer readable data stored on a recording medium by specifying a usage right enforceable by a repository. See *In re Comiskey*, 499 F.3d 1365 (Fed. Cir. 2007). As the Court of Appeals for the Federal Circuit (CAFC) recently reiterated, “[A] claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See *In re Bilski*, 545 F.3d 943, (Fed. Cir. 2008) (quoting *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) (“Transformation and reduction of an article ‘to a different state or thing’ is the clue to the patentability of a process claim that does not include particular machines.”). *Diamond v. Diehr*, 450 U.S. 175, 192 (1981) (holding that use of mathematical formula in process “transforming or reducing an article to a different state or thing” constitutes patent-eligible subject matter); see also *Parker v. Flook*, 437 U.S. 584, 589 n.9 (1978) (“An argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a ‘different state or thing.’”).

Claim 1 of the present application is a process that falls within the four categories of patent-eligible subject matter. Claim 1 of the present application meets the “machine-or-transformation” test outlined by the CAFC in *Bilski* because it recites a method tied to a machine and transforms an article into a different state. As such, the pending rejection of claim 1 under 35 U.S.C. § 101 should be REVERSED.

1. Claim 1 Recites a Method Tied to a Machine.

Claim 1 of the present application recites a method of dynamically assigning usage rights to digital content for use in *a system having at least one repository*. The method comprises specifying a usage right, determining a status of a dynamic condition, and dynamically assigning the usage right to the digital content based on the status of the dynamic condition. Claim 1 further recites that the usage right comprises computer readable data stored on a recording medium, the data of the usage right specifying an authorized use of digital content and being enforceable by a repository.

Repositories are discussed in the present specification as storage facilities for digital works and their usage rights and fees. Repositories are used to store digital works, control access to digital works, bill for access to digital works and maintain the security and integrity of the system. See at least paragraphs [0009 and 0010] of the present specification and the Abstract, Figs. 2, 3, and 12, and col. 7, line 5 to col. 8, line 21 of U.S. Patent Number 5,634,012, which is incorporated by reference in the present application in paragraph [0009] of the present specification.

The steps of claim 1 are performed by a computer. That is, a device capable of reading “computer readable data” recited in claim 1. Computer hardware is used to execute the steps of claim 1 as the computer readable data is stored on a recording medium. In the Final Office Action mailed August 13, 2008, the Examiner concedes that claim 1 recites a computer readable medium, but goes on to assert that “[T]he method does not centrally employ nor even require the use of the recording medium.” See paragraph 6 on pages 2-3 of the Final Office Action mailed August 13, 2008. With respect, Appellants disagree with the Examiner’s characterization of this limitation of claim 1.

A computer or equivalent device capable of reading “computer readable data” takes the recited method from the realm of a mere abstract idea and marries it to a particular machine or apparatus to make it useful, concrete, and tangible. In the present application, there is no need to infer that a computer or equivalent device performs the method of claim 1, because claim 1 explicitly recites digital content, a system having at least one repository, and computer readable data stored on a recording medium. In order to read the data that is the usage right, a computer must access the recording medium. The Examiner further asserts that, “[T]he computer-readable medium only contains a piece of data that is part of the usage right” and as such “the data on the recording medium constitutes non-functional descriptive material and does not make the process statutory.” See paragraph 6 on page 3 of the Final Office Action mailed August 13, 2008. However, Appellants need only show that the method of claim 1 is tied to a particular machine for the method to fall within the purview of statutory subject matter under 35 U.S.C. § 101. *See In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008); *see also Gottschalk v. Benson*, 409 U.S. 63, 70 (1972).

Claim 1 recites language that imposes meaningful limits on the claim’s scope by tying the method to a computer system, including a computer-readable recording medium and a repository to enforce usage rights stored on the recording medium as computer readable data. By reciting that the usage right includes computer readable data stored on a recording medium that specifies an authorized use of the digital content to be enforced by the repository in the method of claim 1, the involvement of the computer readable data and recording medium is not merely an insignificant extra-solution activity. *See Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972); *see also Parker v. Flook*, 437 U.S. 584, 590 (1978). As such, claim 1 meets the “machine” aspect of the “machine-or-transformation” test outlined by the Court of Appeals for the Federal Circuit in the *Bilski* case and falls within the classes of new and



useful processes, machines, manufactures, or compositions of matter that are the proper subject matter of a patent under 35 U.S.C. § 101.

2. The Method of Claim 1 Transforms the Recording Medium.

In the present specification, usage rights are any privileges or restrictions on use and/or distribution of [a] digital work or content. See paragraph [0029] of the present specification. “Digital content” refers to the viewable or otherwise usable portion of any type of element having content in computer readable form. See paragraph [0016] of the present specification. Using these terms, the method of dynamically assigning usage rights to digital content is a method of dynamically assigning a privilege or restriction on the use and/or distribution of the usable portion of the element that has content in computer readable form.

To extend the terms to the rest of claim 1, the dynamic assignment of the privilege or restriction on the use and/or distribution of the usable portion of the element that has content in computer readable form includes specifying the privilege or restriction on the use and/or distribution, determining a status of a dynamic condition, and dynamically assigning the privilege or restriction on the use and/or distribution to the usable portion of the element that has content in computer readable form based on the status of the dynamic condition. The privilege or restriction on the use and/or distribution includes computer readable data stored on a recording medium, and the computer readable data of the privilege or restriction specifies an authorized use of the usable portion of the element that has content in computer readable form that is enforceable by a repository.

Contrary to the Examiner’s assertion in the first paragraph on page 3 of the Final Office Action, the method recited in claim 1 employs a computer readable medium. In fact, claim 1 explicitly recites that the usage right specified includes computer readable data stored on a recording medium. The usage right includes computer readable data. The computer

readable data specify an authorized use of digital content that is enforceable by a repository. The computer readable data transform the recording medium by way of the specified usage right. That is, the recording medium exists in one state prior to the usage right being specified and exists in a different state after the usage right is specified. The transformation of the recording medium is affected by the specified data.

As such, claim 1 meets the “transformation” aspect of the “machine or transformation” test outlined by the Court of Appeals for the Federal Circuit in the *Bilski* case and falls within the classes of new and useful processes, machines, manufactures, or compositions of matter that are the proper subject matter of a patent under 35 U.S.C. § 101. The method of dynamically assigning usage rights to digital content recited in claim 1 meets both criteria of the two branched “machine-or-transformation test,” outlined by the Court of Appeals for the Federal Circuit in the *Bilski* case. Appellants need only show that a [method] claim satisfies § 101 either by showing that the claim is tied to a particular machine, or by showing that the claim transforms an article. See *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) (emphasis added). Accordingly, Appellants respectfully request reconsideration and REVERSAL of the rejection of claim 1 under 35 U.S.C. § 101.

3. Claims 3-17 Also Recite Patentable Subject Matter Under 35 U.S.C. § 101.

Claims 3-17 of the present application depend upon independent claim 1 and thereby include all the limitations of claim 1 while reciting additional features of a method of the present invention. Appellants respectfully traverse the rejection of claims 3-17 for similar reasons as outlined above with regard to the rejection of claim 1 under 35 U.S.C. § 101. As discussed above, claim 1 recites a method of the present invention that falls within the purview of 35 U.S.C. § 101. The additional features and limitations of claims 3-17 do not

make these claims non-statutory. Accordingly, Appellants respectfully submit that claims 3-17 comply with 35 U.S.C. § 101 as outlined above with regard to claim 1. Appellants respectfully request reconsideration and reversal of the rejection of claims 3-17 under 35 U.S.C. § 101.

B. **The Rejection of Claims 1, 6, 8-16, 18-20, 25, 27-35, 37, 39, 43 and 45-53 under 35 U.S.C. § 102(b) as being Clearly Anticipated by Stefik et al., U.S. Patent No. 5,638,443 Should be REVERSED.**

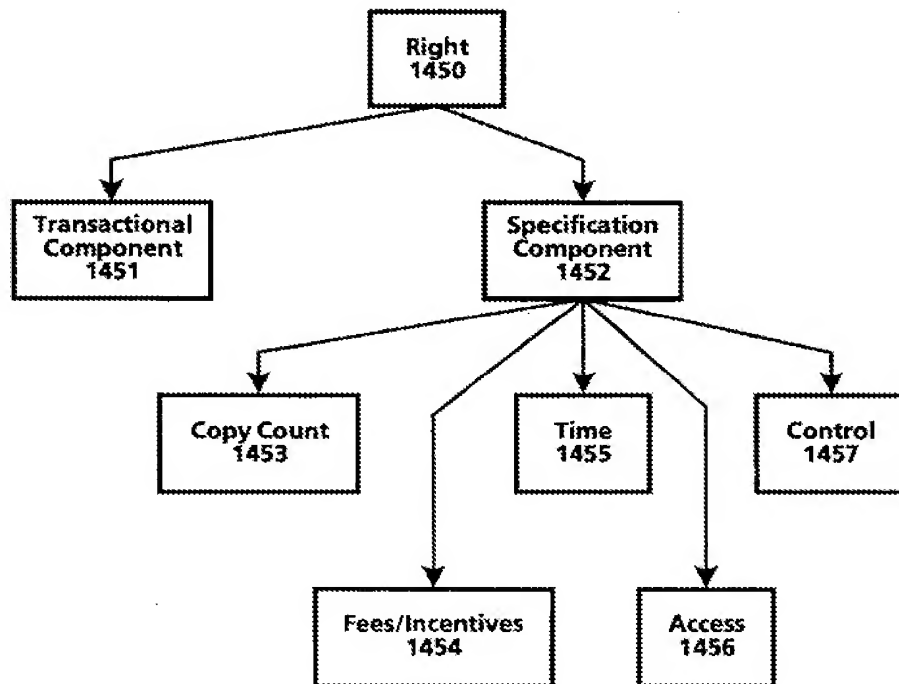
Claims 1, 6, 8-16, 18-20, 25, 27-35, 37, 39, 43 and 45-53 stand rejected under 35 U.S.C. § 102(b) as being clearly anticipated by Stefik et al., U.S. Patent No. 5,638,443 (“the Stefik patent”). Appellants appeal this rejection and request reversal because the Stefik patent fails to disclose all the features recited by these claims.

As indicated above, the present invention is generally directed to a method, system and computer program product for dynamically assigning usage rights to digital works. See Abstract and at least paragraphs [0002, 0010, and 0029-0030] of the present specification. For example, a user employs a computer to download a digital work from a distributor’s server. The server specifies a usage right authorizing use of the digital work that is enforceable by a repository. The server tracks dynamic conditions that may affect the usage right of the digital work. The server assigns the usage right to the digital content in accordance with the dynamic conditions. See paragraphs [0019-0021, 0029, and 0030] of the present specification.

1. **The Stefik patent fails to teach dynamically assigning a usage right to the digital content based on the status of the dynamic condition.**

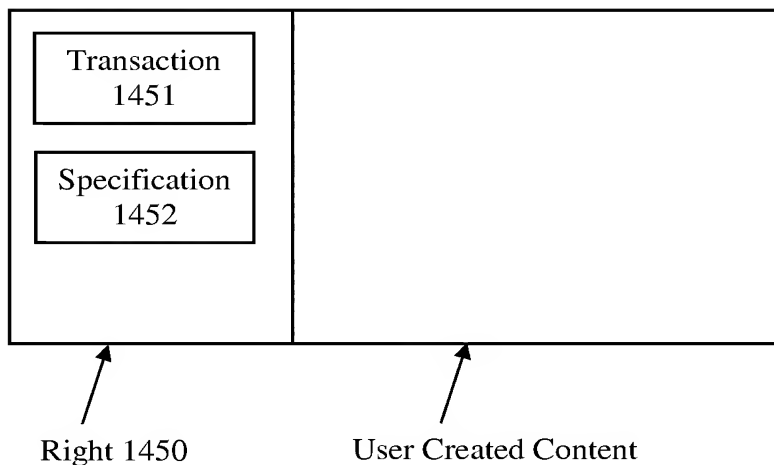
In the Final Office Action mailed August 13, 2008, the Examiner indicates that the Stefik patent teaches a method for dynamically assigning usage rights based on dynamic conditions. See pages 3-4 of the Final Office Action. However, in the Stefik patent, there is

no disclosure of *assigning* usage rights based on dynamic conditions. Instead, the Stefik patent teaches that conditions can be part of a usage right and that the authorized use defined by the right can include conditions. The conditions of the Stefik patent govern how the digital content can be used after the usage right is assigned to the content. However, *such conditions do not relate to how the rights are assigned to content* in the Stefik patent. Significantly, the step of “assigning” usage rights is the step of tying the usage rights to an instance of content so that those rights will govern use of the content. Prior to assignment, rights do not govern use of content. As shown below, Figure 14 of the Stefik patent and the accompanying discussion at col. 18, lines 9-26 discloses that a right 1450 has a transactional component 1451 that corresponds to a manner of use, and a specifications component 1452 that corresponds to conditions that must be satisfied prior to the right being exercised.

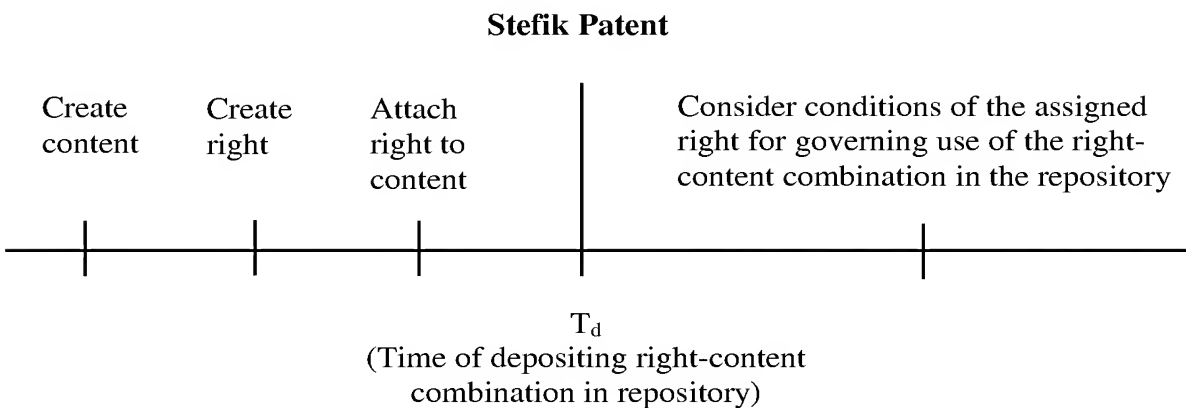


**Fig.14**

The usage rights disclosed in the Stefik patent, including a manner of use and conditions, are assigned to content. See Figure 1 step 102 and column 6, lines 16-49 of the Stefik patent. That is, the content is created (step 101 of Figure 1) and usage rights are attached, i.e. assigned, to the content, and the combination of the content and the usage rights is deposited in a repository (step 102 of Figure 1). Conditions of the assigned rights can then be considered after assignment of the rights to govern use of the content. Schematically, the combination is illustrated below.

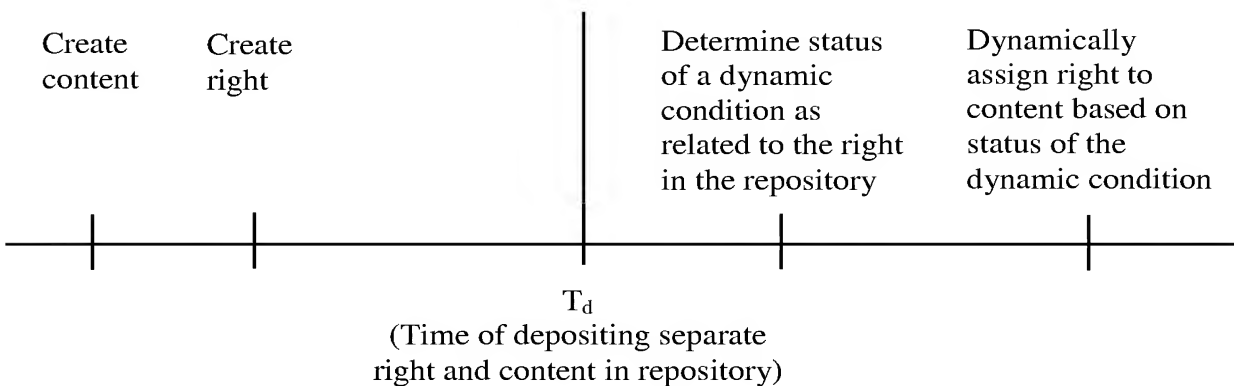


The right 1450 includes a transaction component 1451 and specifications component 1452. The right 1450 is assigned to the user created content. The time line below illustrates the manner in which the right and the content of the Stefik patent are combined.



In contrast, the claims in the present application recite that the usage rights are *assigned* based on dynamic conditions. The terms “assigned” and “assignment,” as used in the present specification, clearly refer to the association between the rights and the content. Prior to assignment, the rights are not associated with the content. See paragraphs [0010 and 0029] of the present application, for example as well as the timeline below illustrating the method of dynamically assigning the usage rights to the digital content recited in claim 1.

### Claim 1



On page 3 of the Final Office Action, the Examiner asserts that the Stefik patent dynamically assigns and determines using a computer system and/or instructions stored on a computer readable medium. See page 4, paragraph 9d of the Final Office Action mailed August 13, 2008. To support this assertion, the Examiner cites column 18, lines 50-56 and column 21, line 32 to column 22, line 18 of the Stefik patent. The first cited portion of the Stefik patent shown below discusses time, but there is no disclosure of dynamically assigning the usage right to the digital content based on the status of the dynamic condition. To wit:

In the usage rights language, time is specified in an hours:minutes:seconds (or hh:mm:ss) representation. Time zone

indicators, e.g. PDT for Pacific Daylight Time, may also be specified. Dates are represented as year/month/day (or YYYY/MMM/DD). Note that these time and date representations may specify moments in time or units of time. Money units are specified in terms of dollars.

See col. 18, lines 50-56 of the Stefik patent. In the Stefik patent, time may be a condition as discussed above, but conditions of the assigned right are only considered after the right has been assigned to the content. The conditions are used to govern use of the content. The time specification portion of the Stefik patent discusses assigning a start date as to when a right may be exercised, but the assignment of the right is not dynamically assigned to the content based on the status of the dynamic condition. See col. 21, lines 32-33. Attaching a right to a piece of content that says you can print it under a specified condition (as taught in the Stefik patent) is not the same as assigning a right to the content based on a condition (as recited in claim 1 of the present application).

Returning to the newspaper example above, the conventional method of assigning usage rights to content and subsequently enforcing conditions that are part of the usage right would result in the newspaper being an issue of the day that the usage rights were assigned. When John made the purchase at a later date, he would satisfy the condition in the previously assigned usage right and would be permitted to print the outdated issue of the newspaper.

In paragraph 10 on page 4 of the Final Office Action, the Examiner discusses when a status of a dynamic condition is determined and asserts that the Stefik patent "... teach[es] performing this task continuously in order to properly establish periods of validity and/or expiration dates and times." The Examiner cites col. 11, lines 1-6 in addition to the above portions of the Stefik patent discussing time specification (col. 18, lines 50-56 and col. 21, line 30 to col. 22, line 15). The cited portion of the Stefik patent makes it clear that the rights are already assigned to the work prior to storing the combination of the right and the work in a repository. To wit, the Stefik patent discloses:

It is fundamental to the present invention that the usage rights are treated as part of the digital work. As the digital work is distributed, the scope of the granted usage rights will remain the same or may be narrowed. For example, when a digital work is transferred from a document server to a repository, the usage rights may include the right to loan a copy for a predetermined period of time (called the original rights). When the repository loans out a copy of the digital work, the usage rights in the loaner copy (called the next set of rights) could be set to prohibit any further rights to loan out the copy. The basic idea is that one cannot grant more rights than they have.

See col. 10, line 65 to col. 11, line 6 of the Stefik patent (emphasis added).

The Examiner asserts that a content creator using the Stefik patent determines a time periodically in order to establish validity periods as content is not created every instant of every day. See paragraph 10 on page 4 of the Final Office Action. The Examiner provides no support for this assertion, there is no support in the Stefik patent for this assertion, and it fails to address the manner in which the Examiner believes that the Stefik patent meets the claimed limitation. In the Stefik patent, a right, already including conditions, is assigned—for example, a COPY right (transactional component 1451). The conditions must be satisfied prior to the right being exercised. In contrast, the pending claims recite that the *assignment* of the right is based upon dynamic conditions.

The Examiner also cites column 18, lines 50-56 and column 21, lines 32-22 of the Stefik patent to support the rejection. However, these portions of the Stefik patent relate to the use of conditions that are part of the usage right. In other words, the conditions are part of the specification of authorized use. The conditions in the Stefik patent noted by the Examiner are not used for *assigning* the rights to content but are part of the rights themselves and are used to govern use of the content after assignment.

In the claimed invention, the usage rights are dynamically assigned to content based on dynamic conditions occurring before, or at the time of association of the rights with content. As such, the invention as recited in claims 1, 6, 8-16, 18-20, 25, 27-35, 37, 39, 43



and 45-53 is novel over the cited prior art. Appellants respectfully request reconsideration of the pending claims and REVERSAL of the rejection under 35 U.S.C. § 102(b).

2. The Stefik Patent Also Fails to Anticipate Claims 6, 8-16, 18-20, 25, 27-35, 37, 39, 43 and 45-53 under 35 U.S.C. § 102(b).

As indicated above, claim 1 of the present application recites a method of dynamically assigning usage rights to digital content for use in a system having at least one repository. Claim 6 and claims 8-16 are method claims that ultimately depend from claim 1. Claim 18 is an independent claim that recites a system for dynamically assigning usage rights to digital content and includes at least one repository. Claim 18 recites means elements for performing functions similar to the method steps of claim 1. Claims 19, 20, 25, and 27-35 are system claims that ultimately depend upon claim 18. Claim 37 is an independent claim that recites a device for enforcing rights assigned to digital content that is closely related to independent method claim 1 and independent system claim 18. Claims 39, 43, and 45-53 are device claims that ultimately depend upon claim 37.

a. The Stefik Patent Fails to Anticipate Claim 6 and Claims 8-16 under 35 U.S.C. § 102(b).

Claim 6 and claims 8-16 of the present application depend upon independent claim 1 and thereby include all the limitations of claim 1 while reciting additional features of a method of the present invention. Appellants respectfully traverse the rejection of claim 6 and claims 8-16 for similar reasons as outlined above with regard to the rejection of claim 1 under 35 U.S.C. § 102(b). As discussed above, the Stefik patent fails to disclose all the elements and limitations recited in independent claim 1 of the present application and therefore fails to anticipate claim 1 under 35 U.S.C. § 102(b). As such, the Stefik patent also fails to disclose all the features and limitations of dependent claim 6 and dependent claims 8-16 as well.

Accordingly, Appellants respectfully submit that claim 6 and claims 8-16 are allowable at least by virtue of their dependency upon claim 1 as outlined above. Appellants respectfully request reconsideration and REVERSAL of the rejection of claim 6 and claims 8-16 under 35 U.S.C. § 102(b).

b. The Stefik Patent Fails to Anticipate Claims 18-20, 25, 27-35 under 35 U.S.C. § 102(b)

Independent claim 18 recites a system for dynamically assigning usage rights to digital content and includes at least one repository. Claim 18 recites means elements for performing functions similar to the method steps of claim 1. Claims 19, 20, 25, and 27-35 are system claims that ultimately depend upon claim 18. As outlined above with regard to claim 1, the Stefik patent fails to disclose or suggest dynamically assigning a usage right to the digital content based on the status of the dynamic condition. The Stefik patent fails to disclose or suggest all the features recited in independent claim 18 of the present application. With respect, for at least the reasons outlined above with regard to independent claim 1, Appellants submit that the Stefik patent also fails to anticipate the system for dynamically assigning usage rights to digital content recited in independent claim 18. As such, Appellants respectfully submit that claim 18 is allowable at least for the reasons outlined above. Appellants respectfully request reconsideration and REVERSAL of the rejection of claim 18 under 35 U.S.C. § 102(b).

Claims 19, 20, 25, and 27-35 of the present application depend upon independent claims 1 and 18 and thereby include all the limitations of claim 18 while reciting additional features of a system of the present invention. Appellants respectfully traverse the rejection of claims 19, 20, 25, and 27-35 for similar reasons as outlined above with regard to the rejection of claim 18 under 35 U.S.C. § 102(b). As discussed above, the Stefik patent fails to disclose

all the elements and limitations recited in independent claims 1 and 18 of the present application and therefore fails to anticipate claims 1 and 18 under 35 U.S.C. § 102(b).

Therefore, the Stefik patent also fails to disclose all the features and limitations of dependent claims 19, 20, 25, and 27-35 as well. Accordingly, Appellants respectfully submit that claims 19, 20, 25, and 27-35 are allowable at least by virtue of their dependency upon claim 18 as outlined above. Appellants respectfully request reconsideration and REVERSAL of the rejection of claims 19, 20, 25, and 27-35 under 35 U.S.C. § 102(b).

c. The Stefik Patent Fails to Anticipate Claims 37, 39, 43 and 45-53 under 35 U.S.C. § 102(b)

Independent claim 37 recites a device for enforcing usage rights assigned to digital content. Claim 37 recites a device that is closely related to the system of claim 18 and for performing the method of claim 1. That is, claim 37 recites a device with means for enforcing use of the digital content in accordance with a usage right specifying an authorized use of the digital content, wherein the usage right is dynamically assigned to the digital content based on a determined status of a dynamic condition. Claims 39, 43, and 45-53 are device claims that ultimately depend upon claim 37. As outlined above with regard to claims 1 and 18, the Stefik patent fails to disclose or suggest dynamically assigning a usage right to the digital content based on the status of the dynamic condition. As such, the Stefik patent fails to disclose or suggest all the features recited in independent claim 37 of the present application. With respect, for at least the reasons outlined above with regard to independent claims 1 and 18, Appellants submit that the Stefik patent also fails to anticipate the device for enforcing usage rights assigned to digital content recited in independent claim 37.

Accordingly, Appellants respectfully submit that claim 37 is allowable at least for the reasons

outlined above. Appellants respectfully request reconsideration and REVERSAL of the rejection of claim 37 under 35 U.S.C. § 102(b).

Claims 39, 43, and 45-53 of the present application depend upon independent claim 37 and thereby include all the limitations of claim 37 while reciting additional features of a device of the present invention. Appellants respectfully traverse the rejection of claims 39, 43, and 45-53 for similar reasons as outlined above with regard to the rejection of claim 37 under 35 U.S.C. § 102(b). As discussed above, the Stefik patent fails to disclose all the elements and limitations recited in independent claims 1, 18, and 37 of the present application and therefore fails to anticipate claims 1, 18, and 37 under 35 U.S.C. § 102(b). Therefore, the Stefik patent also fails to disclose all the features and limitations of dependent claims 39, 43, and 45-53 as well. Accordingly, Appellants respectfully submit that claims 39, 43, and 45-53 are allowable at least by virtue of their dependency upon claim 37 as outlined above. Appellants respectfully request reconsideration and REVERSAL of the rejection of claims 39, 43, and 45-53 under 35 U.S.C. § 102(b).

C. **The Rejection of Claims 3, 7, 22, 26, 40 and 44 under 35 U.S.C. § 103(a) as Unpatentable over Stefik et al., U.S. Patent No. 5,638,443 in View of Shah-Nazaroff et al. U.S. Patent Number 6,157,377 Should be REVERSED.**

Claims 3, 7, 22, 26, 40 and 44 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al. U.S. Patent No. 5,638,443 (“the Stefik patent”) in view of Shah-Nazaroff et al., U.S. Patent No. 6,157,377 (“the Shah-Nazaroff patent”). Appellants appeal this rejection and request reversal because the combination of the Stefik patent and the Shah-Nazaroff patent fails to disclose all the features recited by these claims.

As outlined above with regard to independent claims 1, 18, and 37, the Stefik patent fails to teach or suggest a method, system, or device for dynamically assigning a usage right to the digital content based on the status of a dynamic condition. The Shah-Nazaroff patent

fails to cure the deficiencies of the Stefik patent. The Shah-Nazaroff patent discloses a method and apparatus for purchasing upgraded media features for programming transmissions. See col. 2, lines 18-20. While on page 5 of the Final Office Action, the Examiner asserts that the Shah-Nazaroff patent teaches “assigning usage rights such as resolution to content,” there is no disclosure or suggestion in the Shah-Nazaroff patent of dynamically assigning the usage rights to the digital content based on the status of the dynamic condition as recited in independent claims 1, 18, and 37 of the present application. The Shah-Nazaroff patent merely discloses that viewers may purchase media with a variety of characteristics depending upon the amount a viewer wishes to pay. For example, a viewer may purchase a movie at a higher video resolution than the non-upgraded movie. See col. 2, lines 18-25 and 35-52 of the Shah-Nazaroff patent. There is no usage right in the Shah-Nazaroff patent. There is merely a number of different purchase options available to a media user.

The Examiner asserts that the Shah-Nazaroff patent teaches assigning a usage right and appears to equate the upgraded video resolution of the Shah-Nazaroff patent to the claimed usage right in the present application. However, this assertion does not logically relate to conditions for assigning usage rights or otherwise reads on the claimed features. The Examiner provides no additional explanation regarding the assertion. The combination of the Stefik patent and the Shah-Nazaroff patent does not teach or suggest dynamically assigning usage rights to content based on conditions as recited in independent claims 1, 18, and 37. Claims 3 and 7 depend upon independent claim 1, while claims 22 and 26 depend upon independent claim 18, and claims 40 and 44 depend upon independent claim 37. Because the combination of the Stefik patent and the Shah-Nazaroff patent fails to teach or suggest all the features claimed, the combination of cited references fails to render the claims unpatentable

under 35 U.S.C. § 103(a). Appellants respectfully request reconsideration and REVERSAL of the rejection of claims 3, 7, 22, 26, 40 and 44 under 35 U.S.C. § 103(a).

**D. The Rejection of Claims 4, 5, 23, 24, and 41 under 35 U.S.C. § 103(a) as Unpatentable over Stefik et al., U.S. Patent No. 5,638,443 in View of Shah-Nazaroff et al. U.S. Patent Number 6,157,377 and Further in View of Cox et al. U.S. Patent Number 5,930,369 Should be REVERSED.**

Claims 4, 5, 23, 24 and 41 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al., U.S. Patent No. 5,638,443 (“the Stefik patent”) in view of Shah-Nazaroff et al., U.S. Patent No. 6,157,377 (“the Shah-Nazaroff patent”) as applied to claims 3, 22 above, and in further view of Cox et al., U.S. Patent No. 5,930,369 (“the Cox patent”). Appellants appeal this rejection and request reversal because the combination of the Stefik patent, the Shah-Nazaroff patent, and the Cox patent fails to disclose all the features recited by these claims.

As outlined above with regard to independent claims 1, 18, and 37 and dependent claims 3, 7, 22, 26, 40 and 44, the combination of the Stefik patent and the Shah-Nazaroff patent fails to teach or suggest a method, system, or device for dynamically assigning a usage right to the digital content based on the status of a dynamic condition. The Cox patent fails to cure the deficiencies of the combination of the Stefik patent and the Shah-Nazaroff patent. The Cox patent discloses a secure spread spectrum watermarking technique that embeds a unique identifier into the perceptually significant components of a decomposition of an image, an audio signal, or a video sequence. See col. 1, lines 8-16 and col. 5, lines 46-50 of the Cox patent.

However, there is no disclosure or suggestion in the Cox patent of dynamically assigning a usage right to the digital content based on the status of a dynamic condition as recited in independent claims 1, 18, and 37 of the present application. The Cox patent merely

discloses a technique for inserting digital watermarks in a data file. There is no usage right in the Cox patent. The combination of the Stefik patent, the Shah-Nazaroff patent, and the Cox patent does not teach or suggest dynamically assigning usage rights to content based on conditions as recited in independent claims 1, 18, and 37. Claims 4 and 5 depend upon independent claim 1, while claims 23 and 24 depend upon independent claim 18, and claim 41 depends upon independent claim 37. Because the combination of the Stefik patent, the Shah-Nazaroff patent, and the Cox patent fails to teach or suggest all the features claimed, the combination of cited references fails to render the claims unpatentable under 35 U.S.C. § 103(a). Appellants respectfully request reconsideration and REVERSAL of the rejection of claims 4, 5, 23, 24, and 41 under 35 U.S.C. § 103(a).

E. **The Rejection of Claims 17, 36, and 54 under 35 U.S.C. § 103(a) as Unpatentable over Stefik et al., U.S. Patent No. 5,638,443 should be REVERSED.**

Claims 17, 36 and 54 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Stefik et al. U.S. Patent No. 5,638,443 (“the Stefik patent”). Appellants appeal this rejection and request reversal because the Stefik patent fails to disclose or suggest the features recited by these claims.

Claims 17, 36, and 54 stand rejected under 35 U.S.C. § 103 (a) as being obvious over Stefik. In prior Office Actions, as well as in paragraph 17 of the Final Office Action, the Examiner asserts “... the prior art is elastic enough to encompass a user establishing a time period (column 18, lines 50-56) just prior to the actual distribution time ... .” This assertion has no legal basis and does not relate to conditions for assigning usage rights or otherwise read on the claimed features. The Examiner provides no additional explanation regarding the assertion. This conclusion by the Examiner, even if correct, does not cure the deficiencies of

the prior art noted above. Again, the prior art does not teach assigning rights to content based on conditions.

The Stefik patent fails to teach or suggest the features claimed, and the cited reference fails to render the claims unpatentable under 35 U.S.C. § 103(a). Appellants respectfully request reconsideration and reversal of the rejection of claims 17, 36, and 54 under 35 U.S.C. § 103(a).

### **VIII. CONCLUSION**

For all of the reasons discussed above, Appellants respectfully submit that all pending claims 1, 3-20, 22-37, and 39-54 are patentable under 35 U.S.C. §§ 101, 102, and 103. Accordingly, Appellants respectfully request this Honorable Board to reverse the rejections of claims 1, 3-20, 22-37, and 39-54.

Respectfully submitted,

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**IX. CLAIMS APPENDIX**

1. (Previously Presented) A method of dynamically assigning usage rights to digital content for use in a system having at least one repository, said method comprising:

specifying a usage right, the usage right comprising computer readable data stored on a recording medium, the data of the usage right specifying an authorized use of digital content and being enforceable by a repository;

determining a status of a dynamic condition; and

dynamically assigning the usage right to the digital content based on the status of the dynamic condition.

2. (Cancelled) The method of claim 1, wherein the dynamic condition is external to said usage right.

3. (Original) The method of claim 1, wherein the usage right specifies a resolution of the digital content that is authorized for use by the user.

4. (Original) The method of claim 3, comprising:

determining a resolution for download of the digital content based on the status of the dynamic condition;

applying a sub-band decomposition algorithm to the digital content to create sub-images; and

combining the sub-images into a processed image of the determined resolution for downloading.

5. (Original) The method of claim 4, wherein said applying step comprises applying a wavelet decomposition algorithm to the digital content.

6. (Original) The method of claim 1, wherein the dynamic condition includes a time of day.

7. (Original) The method of claim 1, wherein the dynamic condition includes a load on a computer system used to distribute the digital content.

8. (Original) The method of claim 1, wherein the usage right includes a fee charged for the digital content based on the status of the dynamic condition.

9. (Original) The method of claim 1, wherein the usage right includes a distribution right for the digital content based on the status of the dynamic condition.

10. (Original) The method of claim 1, wherein the authorized use of the digital content includes at least one of an ability to print the digital content, an ability to distribute the digital content, a number of times that the digital content can be used, and a resolution of the digital content, and

wherein the method comprises dynamically assigning based on the status of the dynamic condition the usage right specifying the at least one of the ability to print the digital content, the ability to distribute the digital content, the number of times that the digital content can be used, and the resolution of the digital content.

11. (Original) The method of claim 1, wherein the digital content includes textual content.

12. (Original) The method of claim 1, wherein the digital content includes audio content.

13. (Original) The method of claim 1, wherein the digital content includes video content.

14. (Original) The method of claim 1, wherein the digital content includes software.

15. (Original) The method of claim 1, comprising conducting the determining step in a continuous manner.

16. (Original) The method of claim 1, comprising conducting the determining step in a periodic manner.

17. (Previously Presented) The method of claim 1, further comprising distributing the digital content and wherein said determining step occurs contemporaneously with said distributing step.

18. (Original) A system for dynamically assigning usage rights to digital content and including at least one repository, said system comprising:

means for specifying a usage right, the usage right specifying an authorized use of digital content and being enforceable by a repository;

means for determining a status of a dynamic condition; and

means for dynamically assigning the usage right to the digital content based on the status of the dynamic condition.

19. (Original) The system of claim 18, wherein the specifying means, the determining means and the dynamically assigning means comprise devices of a computer system.

20. (Original) The system of claim 18, wherein the specifying means, the determining means and the dynamically assigning means comprise computer readable instructions recorded on a computer readable medium.

21. (Cancelled) The system of claim 18, wherein the dynamic condition is external to said usage right.

22. (Previously Presented) The system of claim 18, wherein the usage right specifies a resolution of the digital content that is authorized for use by the user.

23. (Previously Presented) The system of claim 22, further comprising:

means for determining a resolution for download of the digital content based on the status of the dynamic condition;

means for applying a sub-band decomposition algorithm to the digital content to create sub-images; and

means for combining the sub-images into a processed image of the determined resolution for downloading.

24. (Previously Presented) The system of claim 23, wherein said applying means include means for applying a wavelet decomposition algorithm to the digital content.

25. (Previously Presented) The system of claim 18, wherein the dynamic condition includes a time of day.

26. (Previously Presented) The system of claim 18, wherein the dynamic condition includes a load on a computer system used to distribute the digital content.

27. (Previously Presented) The system of claim 18, wherein the usage right includes a fee charged for the digital content based on the status of the dynamic condition.

28. (Previously Presented) The system of claim 18, wherein the usage right includes a distribution right for the digital content based on the status of the dynamic condition.

29. (Previously Presented) The system of claim 18, wherein the authorized use of the digital content includes at least one of an ability to print the digital content, an ability to distribute the digital content, a number of times that the digital content can be used, and a resolution of the digital content, and the system further comprises means for dynamically assigning, based on the status of the dynamic condition, the usage right specifying at least

one of the ability to print the digital content, the ability to distribute the digital content, the number of times that the digital content can be used, and the resolution of the digital content.

30. (Previously Presented) The system of claim 18, wherein the digital content includes textual content.

31. (Previously Presented) The system of claim 18, wherein the digital content includes audio content.

32. (Previously Presented) The system of claim 18, wherein the digital content includes video content.

33. (Previously Presented) The system of claim 18, wherein the digital content includes software.

34. (Previously Presented) The system of claim 18, further comprising means for conducting the determining of the status of the dynamic condition in a continuous manner.

35. (Previously Presented) The system of claim 18, further comprising means for conducting the determining of the status of the dynamic condition in a periodic manner.

36. (Previously Presented) The system of claim 18, further comprising means for distributing the digital content and means for conducting the determining of the status of the dynamic condition contemporaneously with distribution of the digital content.

37. (Previously Presented) A device for enforcing usage rights assigned to digital content, said device comprising:

means for receiving the digital content;

means for requesting use of the digital content; and

means for enforcing use of the digital content in accordance with a usage right specifying an authorized use of the digital content, wherein the usage right is dynamically assigned to the digital content based on a determined status of a dynamic condition.

38. (Cancelled) The device of claim 37, wherein the dynamic condition is external to said usage right.

39. (Previously Presented) The device of claim 37, wherein the means for receiving, the means for requesting, and the means for enforcing comprise computer readable instructions recorded on a computer readable medium.

40. (Previously Presented) The device of claim 37, wherein the usage right specifies a resolution of the digital content that is authorized for use by the user.

41. (Previously Presented) The device of claim 40, further comprising:

means for determining a resolution for download of the digital content based on the status of the dynamic condition;

means for applying a sub-band decomposition algorithm to the digital content to create sub-images; and

means for combining the sub-images into a processed image of the determined resolution for downloading.

42. (Previously Presented) The device of claim 41, wherein said applying means include means for applying a wavelet decomposition algorithm to the digital content.

43. (Previously Presented) The device of claim 37, wherein the dynamic condition includes a time of day.

44. (Previously Presented) The device of claim 37, wherein the dynamic condition includes a load on a computer device used to distribute the digital content.

45. (Previously Presented) The device of claim 37, wherein the usage right includes a fee charged for the digital content based on the status of the dynamic condition.

46. (Previously Presented) The device of claim 37, wherein the usage right includes a distribution right for the digital content based on the status of the dynamic condition.

47. (Previously Presented) The device of claim 37, wherein the authorized use of the digital content includes at least one of an ability to print the digital content, an ability to distribute the digital content, a number of times that the digital content can be used, and a resolution of the digital content, and the usage right specifies at least one of the ability to print the digital content, the ability to distribute the digital content, the number of times that the digital content can be used, and the resolution of the digital content.



48. (Previously Presented) The device of claim 37, wherein the digital content includes textual content.

49. (Previously Presented) The device of claim 37, wherein the digital content includes audio content.

50. (Previously Presented) The device of claim 37, wherein the digital content includes video content.

51. (Previously Presented) The device of claim 37, wherein the digital content includes software.

52. (Previously Presented) The device of claim 37, wherein the status of the dynamic condition is determined in a continuous manner.

53. (Previously Presented) The device of claim 37, wherein the status of the dynamic condition is determined in a periodic manner.

54. (Previously Presented) The device of claim 37, wherein the digital content is distributed and the status of the dynamic condition is determined contemporaneously with distribution of the digital content.

**X. EVIDENCE APPENDIX**

There is no additional evidence related to this Appeal.

**XI. RELATED PROCEEDINGS APPENDIX**

There are no related proceedings to this Appeal.